

Message Text

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STR FOR DENT
GENEVA FOR PHELAND

E.O. 11652: N/A
TAGS: ETRD IN
SUBJECT: TEXTILES

1. THE FOLLOWING ARTICLE APPEARED IN THE ECONOMIC TIMES OF INDIA DATED AUGUST 25:
2. "THE EUROPEAN ECONOMIC COMMUNITY WILL CONTINUE TO ALLOW IMPORT OF INDIAN HANDLOOM GARMENTS INTO THE COMMUNITY MARKET ON THE BASIS OF EXISTING CERTIFICATION PROCEDURES, IT IS RELIABLY LEARNED.
3. "THIS IS THE MAJOR OUTCOME OF TALKS BETWEEN EEC AND AN INDIAN DELEGATION AT BRUSSELS RECENTLY. TALKS CENTERED ROUND ON THE CRUCIAL ISSUE WHETHER INDIAN GARMENTS ARE REALLY COTTAGE INDUSTRY PRODUCTS. UNDER THE BILATERAL AGREEMENT WITH EEC HANDLOOM GARMENTS MANUFACTURED ENJOY A

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DUTY-FREE ENTRY SINCE THEY ARE PRODUCTS OF COTTAGE INDUSTRY.

4. "THE EEC HAD DOUBTS THAT HANDLOOM GARMENTS WERE NOT COTTAGE INDUSTRY PRODUCTS. IT WANTED INDIA TO SEND A DELEGATION AND APPRAISE THE COMMUNITY AS TO HOW GARMENTS ARE CERTIFIED AS COTTAGE INDUSTRY PRODUCTS BEFORE FURTHER SHIPMENTS ARE ALLOWED INTO THE MARKET.

5. "THE INDIAN DELEGATION EFFECTIVELY EXPLAINED THAT GARMENTS ARE PRODUCTS OF THE COTTAGE INDUSTRY. THIS WAS PRECISELY WHY IN CERTIFICATION ISSUE THE NAME OF THE MANUFACTURER COULD NOT BE INCORPORATED. IT WAS ALSO POINTED OUT TO THE EEC THAT COMMUNITY IMPORTED HANDLOOM FABRICS WITHOUT QUOTA RESTRICTIONS. THE COMMUNITY IMPORTED FABRICS BECAUSE THEY ARE NOT CAPABLE OF MASS PRODUCTION BY THE DOMESTIC INDUSTRY. WHAT WAS GOOD FOR FABRICS WAS GOOD FOR GARMENTS AS WELL. IT WAS POINTED OUT THAT ANY RESTRICTION PUT BY THE EEC WILL RESULT IN LOSS OF EMPLOYMENT TO MILLIONS AND CAUSE IMMENSE HARDSHIP.

6. "THE EEC AGREED NOT TO PRESS THE ISSUE FURTHER BUT WANTED INDIA TO ENTER INTO AN ARRANGEMENT SIMILAR TO THE ONE INDIA HAD ENTERED INTO WITH THE UNITED STATES. IN OTHER WORDS, EEC WANTED TO INTRODUCE QUOTA RESTRICTIONS ON HANDLOOM GARMENTS. IF THIS IS NOT POSSIBLE, IT SUGGESTED THAT INDIA SHOULD VOLUNTARILY LIMIT ITS EXPORTS. IT POINTED OUT THAT SHIPMENTS DURING THE FIRST SIX MONTHS OF THE YEAR WERE NOT ONLY EQUAL TO EXPORTS OF NINE MILLION PIECES OF LAST YEAR, BUT WERE FIFTY PERCENT MORE.

7. "ITS ARGUMENT WAS THAT SINCE INDIA HAD ACCEPTED A QUOTA FOR HANDLOOM GARMENTS EXPORTS TO THE US, THE BALANCE QUANTITY WAS BEING CONCENTRATED ON THE COMMUNITY MARKET. THIS AMOUNTED TO DEFLECTION OF TRADE AND LED TO MARKET DISRUPTION.

8. "THE INDIAN DELEGATION MADE IT CLEAR THAT NEITHER THE QUOTA ARRANGEMENT NOR VOLUNTARY REGULATION OF EXPORTS WAS ACCEPTABLE TO INDIA.

9. "THE INDIAN SIDE ASSERTED THAT THE HIGHER RATE OF EXPORTS DURING THE CURRENT YEAR WAS ATTRIBUTABLE TO SEASONAL FACTORS
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AND FURTHER SHIPMENTS FROM NOW ON ARE BOUND TO TAPER OFF. THE PLEA OF MARKET DISRUPTION WAS UNTENABLE BECAUSE THERE HAD BEEN SIMILAR INCREASE IN EXPORTS BY INDIA."SAXBE

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